



ABC Update September 2014

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Back to School Basics



College campuses throughout the state are back in session, so it's a good time to review the basics retailers should keep in mind regarding the use of "fake" identification (ID) to obtain alcoholic beverages. The peak season is mid-August through October according to Josh Crain, Assistant Director of the ABC Enforcement Division. "Many college students still see it (underage drinking) as a rite of passage," said Crain. "It's up to retailers to closely monitor and train their staff on how to recognize fake IDs to prevent underage sale. By doing so we protect citizens throughout the Commonwealth and young adults who reside at college campuses in our communities."

The following are some tips and strategies to prevent underage sales:

- Card anyone who appears under 27 years of age – check the date of birth.
- Ask them to remove their ID from the wallet. Do not touch the wallet. Often, the real ID card is behind the fake ID. There is also the possibility that the ID is scanned onto photo paper.
- Look at the photo. Does it look like the person standing in front of you? There will be no "red-eye" in the government issued cards.
- Check the expiration date. If it is expired, it is no longer valid.
- Check the date of issue. Some internet companies will date them for a month or two ahead and then mail them out. The date listed on the card may not have occurred yet.
- There have been reports of young people using fake passports for ID's. Be sure to look through it to see if there are any stamps from visits to other countries.
- Check for DUPLICATE or REPLACEMENT. Ask for a second ID to verify the information.
- If it is an out-of-state ID, compare it to an ID Checking Guide for accuracy. Be particularly suspicious of out-of-state ID's from South Carolina, Florida, Illinois, Ohio, Connecticut, Pennsylvania and West Virginia.
- Use a black light to check for UV writing.
- Check the back side. There should be organ donor information. Look for disclaimers.
- Feel the card. Are there any raised areas on the photo area? Is it firm? Is it flimsy, or thin?
- Look out for internet ID's. These IDs are usually on credit card stock and the security features such as holograms are actually stickers placed over a picture. If a seal has language like "Genuine", "Authentic", or "Official Seal of Business Trust", it's a fake ID.

Focus on Cider

Kentucky General Assembly passes legislation that defines fermented fruit beverages

A new definition of cider and how cider under 7% Alcohol by Volume (ABV) will be registered, licensed and sold was among the many laws that were enacted during the 2014 legislative session. Specifically, legislation now defines “weak cider” containing less than 7% ABV as a malt beverage and defines “cider” containing 7% or greater ABV as a wine (KRS 241.010 (12, 61, 65)). Although they are produced in the same manner and are similar products, they are legally defined as different alcoholic beverage types based upon ABV and the referenced definitions. Weak cider may now be sold at retail by any licensee holding a retail license authorizing malt beverage sales and must now be distributed by licensed malt beverage distributors. Cider may only be sold by licensees holding a retail license that authorizes wine sales and must be distributed by licensed wholesalers. The following are highlights of the legislative changes that became effective in July. For more information visit our website at www.abc.ky.gov.

Distributors/Wholesalers

Distributors are permitted to sell and distribute weak cider to retailers just like other malt beverage products (KRS 243.180). A licensee must hold a distributor’s license if it plans to only distribute “weak cider” and regular malt beverages. For cider 7% ABV or greater, a licensee must hold a wholesaler’s license in addition to a distributor’s license (KRS 243.170). Prior to any sales, all weak cider brands must be properly registered and approved by the Department (804 KAR 4:410 Section 2). If the product brand is below 7% ABV, register the brand using the new Product Registry Online System (PRO) - Kentucky PRO with the required 714 malt beverage brand registration form/process. If a licensee holds an active wholesaler’s license and seeks to distribute cider that is 7% or greater ABV, it will need to register the cider through Kentucky PRO using the 715 form registration process. All cider that will be distributed or sold MUST be properly registered and approved by ABC in advance of any sales/purchases (Id.; KRS 244.440). The ABV listed on the container from the producer/supplier of the cider product will help ensure that you, and your retailers, are fully in compliance in regards to sales. Lastly, please make sure your sales representatives are carefully verifying retail account licenses to ensure that only authorized cider sales are occurring with appropriate retailers based upon their license type(s).

Retailers

Weak cider containing less than 7% ABV is permitted to be sold at retail establishments where malt beverages are currently sold. Weak cider may now be produced at licensed Kentucky microbreweries. Any weak cider produced must be processed through the three-tier system. Therefore, all weak cider must comply with all existing statutes, regulations and provisions regulating the sale of malt beverages. Retailers must purchase all weak cider through a licensed Kentucky distributor (KRS 243.088, KRS 243.280, more). Effective July 15, 2014, active licensed Kentucky retailers holding either or both a NQ and NQ-4 Malt Beverage license may engage in the purchase and sale of weak cider (AVB less than 7%). The type of sales retailers may engage in depends on the type of malt beverage license they hold. (i.e., NQ license permits package sales of weak cider, NQ-1, NQ-2, NQ-3, and NQ-4 permit drink sales of weak cider for consumption on premises, and if a retailer holds both the NQ and a retail drink license, it may engage both package and drink sales.)

Small Farm Wineries

Federal law requires a winery or small farm winery to be a Federal bonded winery (BW or BWN) in order to produce or make any type of cider, including weak cider. Weak cider is still treated as a wine for Federal excise taxes and labeling purposes which have been adopted by Kentucky (KRS 244.230). For this reason, a small farm winery is still permitted to produce weak cider without any additional license. Once bottled and ready for sale, weak cider is treated as a malt beverage product under Kentucky law.

It is important that small farm wineries desiring to sell weak cider become familiar with all applicable malt beverage statutes, regulations and provisions as many laws are different from wine distribution and taxation. For example, a written territorial agreement must be executed with a Kentucky distributor granting distribution rights in a defined territory and its terms must comply and conform to (KRS 244.602 to 244.606; see also, KRS 244.167 (24 hour rule); KRS 243.720 (excise taxes)).

714/715 Brand Registration

The Department’s required brand registration forms, specifically the “ABC 714 and ABC 715 Brand Registration” forms, have been revised to reflect these legislative changes and to offer instruction to licensees that are registering brands. These forms have been incorporated in the new on-line brand registration system known as Kentucky PRO. To register brands, please go to the Kentucky PRO link located on the Department’s website under Licensing - Brand Registrations. All brand registrations of cider that were registered prior to the change in the law are currently being transferred into Kentucky PRO. Please be aware that all registered cider brands may not appear in the system at this time. For questions regarding cider registrations, during the data migration period, please contact the Department’s Licensing Division.

Fillable Licensing Forms Now Available On-Line

The following licensing forms are now available in a fillable and printable format. To access the forms visit the Kentucky Department of Alcoholic Beverage Control website: <http://abc.ky.gov>.

- Basic Application
- Basic Application for Master File
- Out- Of-State Application
- Supplemental Application
- Temporary Application

NOTE: The application process has not changed – the fillable forms are provided as a convenience. Older versions of Adobe may not allow access to the fillable forms. If so, you will need to download and print our applications. Electronic submission is not available at this time, so please be sure to print and mail your completed forms and required attachments to our office.



S.T.A.R. Training Program Positively Impacts Retailers

Over 42,000 sellers and servers trained statewide through the program

The S.T.A.R. (Server Training in Alcohol Regulations) training program was developed in 2001 for alcoholic beverage retailers and their employees by ABC's Education Department. The four-hour training curriculum includes detailed information on seller and server responsibilities and liabilities, an overview of Kentucky Revised Statutes relevant to the alcoholic beverage industry and state and discussion regarding state and federal tobacco laws. Upon successful completion of the course, S.T.A.R. participants receive certification that is valid for three (3) years. To date, over 42,000 sellers and servers have been trained statewide. For more information regarding S.T.A.R., visit our website at <http://abc.ky.gov>.



Class Schedule for September and October

Date	Time	City	County	Location
09/02/2014	9:00AM	Louisville	Jefferson	Ramada Conference Center
09/02/2014	9:00AM	Lexington	Fayette	Four Points by Sheraton
09/08/2014	9:00AM	Frankfort	Franklin	Kentucky Alcoholic Beverage Control
09/08/2014	9:00AM	Owensboro	Daviess	Cigar Factory Mall
09/09/2014	9:00AM	Somerset	Pulaski	Hampton Inn
09/09/2014	5:00PM	Paducah	McCracken	City Hall
09/15/2014	9:00AM	Prestonsburg	Floyd	Jenny Wiley SRP
09/15/2014	9:00AM	Hopkinsville	Christian	Hampton Inn
09/16/2014	9:00AM	Danville	Boyle	Inter-County Energy Co-op
09/20/2014	9:00AM	Lexington	Fayette	Four Points by Sheraton
09/22/2014	9:00AM	Campbellsville	Taylor	Campbellsville Civic Center
09/23/2014	9:00AM	Elizabethtown	Hardin	Pritchard Community Center
09/29/2014	9:00AM	La Grange	Oldham	Fiscal Court Building
09/29/2014	9:00AM	Mount Sterling	Montgomery	Health and Civic Center
09/30/2014	5:00PM	Lexington	Fayette	Four Points by Sheraton
10/07/2014	9:00AM	Lexington	Fayette	Four Points by Sheraton
10/11/2014	9:00AM	Grayson	Carter	Lifeline Office
10/13/2014	5:00PM	Frankfort	Franklin	Kentucky Alcoholic Beverage Control
10/13/2014	5:00PM	Owensboro	Daviess	Cigar Factory Mall
10/14/2014	9:00AM	Paducah	McCracken	City Hall